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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA**

Application Of Southern California Edison  
Company (U 338-E) For Authority To Increase  
Its Authorized Revenues For Electric Service In  
2018, Among Other Things, And To Reflect That  
Increase In Rates.

Application No. 16-09-001  
(Filed September 1, 2016)

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E)**  
**REPLY TO PROTESTS AND RESPONSES**

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Dated: October 13, 2016

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**I.**

**INTRODUCTION**

Southern California Edison Company (SCE) respectfully submits this reply to protests and responses received in SCE’s 2018 General Rate Case (“GRC”) Application No. 16-09-001. On September 1, 2016, SCE filed its GRC application. This application appeared on the California Public Utilities Commission’s (Commission’s) Daily Calendar on September 2, 2016. Pursuant to Rule 2.6 of the Commission’s Rules of Practice and Procedure, protests or responses were due 30 days later.

SCE received protests submitted by the Office of Ratepayer Advocates, The Utility Reform Network (TURN), the Consumer Federation of California, and the National Diversity Coalition. SCE also received a motion for party status from Wald Street LLC *et al.* that indicates the moving parties protest SCE’s application. SCE received responses submitted by the Commission’s Office of the Safety Advocates, the Solar Energy Industries Association, the City of Lancaster, the Alliance for Retail Energy Markets (AReM), and the Direct Access Customer Coalition (DACC).<sup>1</sup>

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<sup>1</sup> AReM and DACC submitted a joint response.

The procedural schedule in SCE’s application assumed that evidentiary hearings would be necessary, and the protests and responses confirm that assumption. However, as also noted in our application, SCE remains open to exploring alternatives to litigation as a means of resolving any issues raised by SCE’s application. The protesting or responding parties identified at least a partial list of issues they intend to raise in this proceeding. Rather than address all those issues here, to the extent parties raise substantive issues in written testimony or briefs that are within the scope of this case, SCE will address them in detail in testimony or briefs. SCE respectfully disagrees with certain assertions and factual contentions made in the protests and responses, and will address them at the appropriate juncture. SCE’s reply is confined to addressing TURN’s attempts to modify the scope of SCE’s showing,<sup>2</sup> and briefly addressing TURN’s discussion of location of the hearings.

## II.

### **TURN’S SUGGESTIONS THAT SCE PROVIDE SUPPLEMENTAL TESTIMONY**

#### **A. Grid Modernization**

TURN asserts that SCE “needs to rein itself in with regard to ‘grid modernization’ in the name of DER integration.”<sup>3</sup> TURN states that the Commission has not yet approved SCE’s Distributed Resources Plan (DRP), and grid modernization will be addressed in Track 3 of the DRP Rulemaking.<sup>4</sup> TURN made this same argument for this same area in PG&E’s pending rate case, and the Commission rejected it. There, PG&E argued that “the question of whether or not to include costs in a GRC should not depend on whether or not there are concurrent CPUC proceedings relating to those costs. Rather, the test should be whether the costs are reasonably forecast to be incurred during the GRC period at issue.”<sup>5</sup> The Commission found that:

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<sup>2</sup> SCE also wishes to clarify a “dollars” item. In their protest, ORA indicates that SCE’s 2018 revenue requirement request is 5.663 billion dollars. *See* ORA Protest, at p. 1. SCE’s request is actually 5.885 billion dollars.

<sup>3</sup> TURN Protest, at p. 5.

<sup>4</sup> *Id.*

<sup>5</sup> A.15-09-001, PG&E’s Reply to Protests and Responses, at p. 7 (October 15, 2015).

PG&E's reasoning makes sense. The scope of this proceeding should include evaluation of all of PG&E's forecast distribution-related investments, even if they may be conceptually related to the DRP proceeding. Like all of its forecast investments, PG&E must meet its burden to demonstrate that these investments are reasonable in order to be authorized to move forward with those that are established to be necessary beginning in 2017.<sup>6</sup>

Moreover, as SCE explained in its System Planning GRC testimony:

Waiting to incorporate the decisions made as part of DRP Track 3 into SCE's next GRC or through a separate application would be inefficient and would fail to align with the Commission's DRP timeline, California's environmental goals, and customers' changing expectations. Instead, as SCE's GRC proceeding progresses concurrently with the DRP, decisions made as part of DRP Track 3 should be integrated as applicable.<sup>7</sup>

TURN also asks that SCE make a supplemental showing identifying the primary purpose – DER integration or reliability – of each specific program. But as SCE has explained throughout its grid modernization showing, SCE's grid modernization projects and programs are designed to accomplish *multiple* objectives: enhance safety and reliability, enable DER integration and adoption, and realize DER benefits.<sup>8</sup> The investments that have been proposed by SCE have been carefully selected to meet these objectives *concurrently*. An exercise to segregate the benefits would not be useful or possible for rate case purposes, and operational changes to segregate benefits may needlessly subtract certain important benefits and distort the overall value of the project.

For those projects that “primarily provide reliability benefits,” TURN recommends that the Commission direct SCE to supplement its showing with “cost-benefit analyses and evaluation of alternatives that the Commission has historically relied on for approving reliability investments.”<sup>9</sup> SCE has provided costs and listed benefits for each of its grid modernization projects. The benefits are both quantitative (as in the case of the distribution automation program), and qualitative in nature. SCE has also evaluated and described alternatives considered.<sup>10</sup>

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<sup>6</sup> *Id.* at pp. 13-14.

<sup>7</sup> SCE-02, Vol. 3, p. 7.

<sup>8</sup> SCE-02, Vol. 10, pp. 5-25.

<sup>9</sup> TURN Protest, at p. 6.

<sup>10</sup> SCE-02, Vol. 10, pp. 70-71, 80, 92, 98, 111-112.

Cost-benefit analyses are neither required nor appropriate for many transmission and distribution projects. Instead, and as described in SCE's testimony, SCE evaluates its system against criteria, including loading limits and equipment ratings. Then SCE proposes infrastructure projects that mitigate risks associated with those criteria, factoring in least cost/best fit. Throughout the grid modernization volume and appendix, SCE has provided examples of potential risks and impacts to safety and reliability that increasing levels of DERs can trigger; and SCE has explained how these risks should be mitigated through the proposed set of grid modernization investments. The cost-benefit analyses suggested by TURN are not necessary and would require making broad assumptions about unquantifiable benefits.

**B. Pole Loading Program**

TURN suggests that "SCE should be directed to provide additional information regarding the impacts of the use of the pre-improvements version of [the pole loading/replacement computer software]." <sup>11</sup> TURN is mistaken to the extent it is demanding that SCE must provide supplemental testimony. As the applicant, SCE bears the burden of proof to justify its showing. SCE respectfully contends that it has set forth sufficient information on its pole loading program to meet its burden. Even TURN "applauds SCE for bringing the matter to the Commission's attention, and for the level of information it has provided so far." <sup>12</sup> If a party believes that the utility needs to provide further information to help that party prepare its own showing, the party normally obtains that information via the discovery process. SCE is more than willing to work with TURN and any other party in answering data requests on SCE's pole loading program (or indeed any other aspect of SCE's GRC showing). In addition, SCE can meet with TURN or other parties at their convenience to answer questions and go over details.

To illustrate with an example from TURN's protest, TURN asks that SCE provide additional information regarding how many poles were replaced before the SPIDACalc improvements occurred. <sup>13</sup> SCE's testimony provides a timeline showing when SCE decided to stop and recalculate poles

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<sup>11</sup> TURN Protest, at p. 7.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

depending on how far each pole was in the process towards replacement (i.e., which “Gate” the pole was in).<sup>14</sup> Supplemental testimony is not needed here. TURN can serve a data request asking for the number of poles and associated costs, or SCE can treat the request in the protest as a data request and respond accordingly. Indeed, SCE has already received numerous data requests and has provided additional information concerning its showing in a number of areas in response to data requests.

**C. Customer Service Local Office Closures**

SCE testified that it planned to submit an Advice Letter to obtain Commission approval to close out its few remaining business offices.<sup>15</sup> TURN recommends that SCE submit its proposal by application rather than advice letter.<sup>16</sup> SCE, however, is simply following the process the Commission established in D.98-07-077. In that decision, the Commission ordered that “Edison shall submit an advice letter no less than 60 days prior to the date it plans to close a business office.”<sup>17</sup> Accordingly, TURN’s recommendation is incorrect.

**III.**

**PREVIOUSLY LITIGATED ISSUES ON WHICH THE COMMISSION HAS  
TAKEN A POSITION**

In its protest, TURN expresses concern about SCE including in its Application certain issues on which the Commission has previously taken a position.<sup>18</sup> TURN also indicates that, for purposes of its protest, TURN is flagging the issue for the Commission rather than affirmatively seeking exclusion at the protest stage of the specific items raised by TURN.<sup>19</sup> While the parties may disagree as to whether SCE’s direct testimony has or has not sufficiently provided new grounds for the Commission to reconsider its prior positions, it appears that the parties agree that the issues cannot be decided at this

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<sup>14</sup> See SCE-02, Vol. 9, pp. 15-16.

<sup>15</sup> See SCE-03, p. 94.

<sup>16</sup> TURN Protest, at p. 10.

<sup>17</sup> D.98-07-077, Ordering Paragraph 4.

<sup>18</sup> TURN Protest, at p. 10.

<sup>19</sup> TURN Protest, at p. 13.

preliminary juncture.<sup>20</sup> In SCE's 2015 GRC, the Assigned Commissioner and Administrative Law Judges expressly declined to decide this issue at the protest/prehearing conference stage.<sup>21</sup> Accordingly, in responding to TURN's protest, SCE simply notes two items.

First, TURN seems to be suggesting that the Commission's prior conclusion on items such as Customer Deposits are "set in stone." But the issue of how the Commission has treated, for example, SCE's Customer Deposits is fact-based. Different facts and different circumstances can lead to different conclusions. For example, the Commission has reached different conclusions in its treatment of PG&E's Customer Deposits based on the record in that proceeding.<sup>22</sup>

Second, TURN expresses concern that "SCE's approach on these issues creates an increased risk that the utility will make its showing in its rebuttal testimony, rather than in its direct testimony."<sup>23</sup> While SCE disagrees with TURN's view, TURN can readily avail itself of the remedy of moving to strike rebuttal testimony if TURN believes that such action is warranted.

#### IV.

#### **LOCATION OF THE EVIDENTIARY HEARINGS**

SCE's application requested that the Commission conduct a portion of the evidentiary hearings in southern California.<sup>24</sup> While TURN is not categorically opposed to conducting some portion of the hearings in Los Angeles, TURN did express concerns based on resources and convenience.<sup>25</sup> SCE

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<sup>20</sup> Just as TURN reserves its right to present a more formal challenge to any of the "repeat" issues (*see* TURN Protest, at p. 13), SCE notes that its arguments relating to this topic, as with many other issues raised in the protests and responses, are more appropriately addressed in SCE's rebuttal testimony, hearing testimony, and/or briefs.

<sup>21</sup> *See* A.13-11-003, Joint Scoping Memo and Ruling of Assigned Commissioner and Assigned Administrative Law Judges, issued March 27, 2014, p. 7 ("TURN proposes that certain issues that it considers 'previously litigated' should be excluded from scope because, it alleges, SCE's showing is virtually identical to showings in the previous GRC which were rejected. *It would be inappropriate to reach any factual conclusions about whether or not SCE's showing is or is not distinguishable from past showings at this time.*") (Emphasis added)

<sup>22</sup> *See, e.g.*, D.14-08-032, pp. 627-628 (PG&E 2014 GRC).

<sup>23</sup> TURN Protest, at p. 12.

<sup>24</sup> SCE Application, pp. 14-15.

<sup>25</sup> TURN Protest, at pp. 14-15.

appreciates TURN's concerns, and notes that we are only seeking to have a portion of the hearings in southern California.

SCE also notes that, through Senate Bill (SB) 840, California legislators have indicated a preference that the Commission seek to increase its presence and business activities in communities outside of San Francisco.<sup>26</sup> Holding a portion of SCE's hearings in Los Angeles is certainly not required by SB 840, but appears to be consistent with the general intent of California's legislators. As a follow-up to SB 840, the Commission has noticed Regionalization Workshops to explore, among other things, different scenarios for increasing the Commission's presence in Los Angeles or moving some or most of its operations to Los Angeles and/or Sacramento.<sup>27</sup>

## V.

### **CONCLUSION**

SCE looks forward to working with the Commission, the protesting and responding parties, and other stakeholders to litigate and process this GRC to a timely conclusion.

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<sup>26</sup> See SB 840, sec. 14. As a follow-up to SB 840, the Commission has noticed Regionalization Workshops to explore, among other things, different scenarios for increasing the Commission's presence in Los Angeles or moving some or most of its operations to Los Angeles and/or Sacramento.

<sup>27</sup> See the Commission's scenarios and agenda at <http://www.cpuc.ca.gov/General.aspx?id=6442450975>.



Respectfully submitted,

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